# Medicare Update for CAHs

## Idaho Annual
## Statewide Flex Program Meeting

***November 5, 2008***


**Centers for Medicare & Medicaid Services (CMS) - Region 10**

**Alma Hardy, Rural Health Coordinator/External Affairs Liaison**

**Jerilyn McClain, Survey, Certification, & Enforcement Specialist**

# Topics

- Necessary Provider (NP) Relocations
- Recent Rule Changes
  - Necessary Provider (NP) Co-locations
  - Provider-based Designations (slides 18, 20-28)
- Observation Services Policy Change
- RHC Proposed Rule Change
- Contracting Changes
  - MACs (slides 37-40)
  - RACs (slides 41-46)
- Highlights of MIPPA 2008
- Medicare Advantage & Rural
- Quality Initiatives (slides 67-72)
- Other Important Initiatives

# Relocation Background

- 1997 CAH legislation & regulation did not address relocations.
- Any CAH which met 35+ miles, or 15+ miles in certain terrain, location requirement could relocate & retain CAH status IF it continued meeting all CAH requirements, including relative location to other hospitals/CAHs, in the new site.
- What about "necessary provider" (NP) CAHs not subject to the federal mileage requirements (above)?

# NP Background

- Until the 01/01/06 sunset of the state NP provision (per 2003 MMA), a state could designate a facility as a NP of health care to residents in the geographic area, based on State developed NP criteria specified in the State Rural Health (RH) Plan.

- Federal mileage requirements for location relative to other CAHs/hospitals then were not applied & the NP facility could become a CAH.

- Although the NP provision sunset, the law provides CAHs certified as such based on a state NP designation (received by 12/31/05) are to be "grandfathered" in the program.

# Final Rule
# NP Relocations

- CMS ultimately decided to address NP relocations in rulemaking
  - Published final rule on 08/12/05
  - Effective 10/01/05
  - Located at 42 CFR 485.610(d)

- Rule permits NP to relocate & retain CAH certification, PROVIDED in new location it:
  - Serves 75% of same service area as pre-relocation
  - Provides 75% the same services as pre-relocation
  - Uses 75% of same staff (medical, contracted & employed) as pre-relocation.

# *INITIAL*
# Interpretive Guidance
# CAH Relocations

- **Post publication of 08/12/05 final relocation rule, CMS issued interpretive guidance**
- **Via national Survey & Certification (S&C) Letter #06-04 on 11/14/05**
  - **Applied three 75% criteria to ALL CAHs;**
  - **Revised & strengthened "secondary road" definition**
  - **Furnished "mountainous terrain" definition**
  - **Required NP in new location to meet same State NP designation criteria as in original location**
  - **Required relocating CAH submit to CMS Regional Office (RO) two relocation attestation letters**
    - **Initial, pre-relocation attestation letter with supporting documentation**
    - **Second, post-relocation attestation letter**

# Provider Concerns *INITIAL* Relocation Interpretive Guidance

- CAHs & provider associations expressed concerns re policies in national S&C Letter #06-04 (11/14/05).
- CMS agreed to review the guidance & consider making policy revisions.
- On 09/07/07, CMS issued revised interpretive guidance in national S&C Letter #07-35, which supersedes the guidance (#06-04).

# *REVISED* Interpretive Guidance Relocations & Relative Location

**National S&C Letter #07-35 of 09/07/07**

- **Revises & replaces prior interpretive guidance**
- **For NPs, addresses relocations (see 42 CFR 485.610(d))**
- **For CAHs which are NOT NPs, clarifies location relative to other hospitals/CAHs (see 42 CFR 485.610(c))**
- **Remains accessible at: http://www.cms.hhs.gov/SurveyCertificationGenInfo/downloads/SCLetter07-35.pdf**

# Key Features *REVISED* Relocation Interpretive Guidance

## NP CAHs Only

**CAH relocation rule at 42 CFR 485.610(d) applies ONLY to relocations by NPs.**

## Renovation or Expansion

**RENOVATION or EXPANSION of a CAH's existing building or ADDITION OF BUILDING(S*)* on the existing main campus of the CAH is NOT considered a relocation… there is no change to its CAH designation & therefore no need for an RO determination on its continued CAH designation.**

## All New NP CAH Facilities

**All newly-constructed, NP CAH facilities are considered relocated facilities. This includes construction of a new facility that REPLACES the existing CAH main campus, even when on the same site as the original building. (Refer to discussion at 70 FR 47472.)**

# Steps for Relocating NPs

## PHASE 1 - Prior to Commencing Relocation

- Well before relocation effort, NP must submit to CMS Regional Office (RO) Survey, Certification, & Enforcement (SCE) Branch Manager initial, pre- relocation attestation letter, which:
  - Includes copy of original state NP determination (on or before 12/31/05) per State Office of Rural Health (SORH).
  - Encloses SORH documentation that in proposed new location facility will meet same NP criteria as when State-designated as such.
  - Identifies both the current & proposed address.
  - Attests in new location it will meet three 75% criteria in regulations at 42 CFR 485.610(d) (service area, services, & staff).
  - Encloses baseline documentation for three 75% criteria (for use post-relocation by RO in establishing compliance).
  - Documents how new facility/location meets rural location (or rural treatment) requirement at 42 CFR 485.610(b).
  - Provides timetable for the relocation.

# ….Steps for Relocating NPs

- Upon receipt & review of initial, pre-relocation attestation letter & documentation, RO issues to NP a preliminary relocation approval determination.

- Please note:
  - CMS recognizes some percentage changes may result from normal NP operations over time (e.g., staff turnover) & not the relocation.

  - Such changes (above) should be documented & explained, so they can be factored into final relocation determination by RO (post-relocation).

# ……Steps for Relocating NPs

**PHASE 2 – Relocation Implementation**

– **During its relocation construction & implementation phase the NP must:**

- **Notify RO of any changes to information submitted with initial relocation attestation letter.**
- **Work appropriately & closely with State Survey/Licensure Agency (SA) and, as necessary, local authorities.**

# .....Steps for Relocating NPs

**PHASE 3 – Post-Relocation**

- Post relocation (6-12 months), the NP must submit to RO second , post-relocation attestation letter, enclosing current documentation addressing three 75% criteria (service area, services, & staff).

- Upon receipt & review of second, post-relocation attestation letter, RO makes final determination:

  - If three 75% criteria are met, RO determines NP is SAME CAH as in original location & it may be grandfathered as such under same Medicare provider agreement.

  - If facility fails to meet three 75% criteria in new location, relocation must be treated as cessation of business, per 42 CFR 489.52(b)((3).

# Steps for *OTHER* Relocating CAHs

- If CAH which is NOT an NP wishes to relocate, in contrast it must:

  - Notify, & work appropriately & closely with, applicable SA and, as necessary, local authorities:
    - SA assists RO in assessing compliance with all Medicare requirements (including relative location) & makes to RO related certification recommendation.

    **AND**

  - Update appropriately with Medicare fiscal intermediary (FI) or Medicare administrative contractor (MAC) CMS 855A enrollment application (to change address):
    - FI or MAC reviews & validates CMS 855A update & makes related approval recommendation to RO, via SA.

# Changes to Note *REVISED* Interpretive Guidance

- **NP CAHs**
  - For relocating NPs, guidance less prescriptive re types of documentation used to show compliance with three 75% criteria in new location.
  - Relocating NPs may lessen documentation when relocation circumstances simple, as in building adjacent to current facility and/or retaining same street address.

- **Other CAHs**
  - Definition of "mountainous terrain" more flexible than prior guidance.
  - Definition of "secondary road" clarified & less stringent than prior guidance.

# Relocation or Relative Location Questions for CMS?

**In the CMS RO, for clarification please contact:**


**Jerilyn (Jeri) McClain**
**SCE Specialist**
**jerilyn.mcclain@cms.hhs.gov**
**(206) 615-2316**

**Catherine (Kate) Mitchell**
**SCE Specialist**
**catherine.mitchell@cms.hhs.gov**
**(206) 615-2432**

**Alma Hardy**
**External Affairs Liaison / RO RH Coordinator**
**alma.hardy@cms.hhs.gov**
**(206) 615-2387**

# Relocation or Relative Location Questions for State?

**For clarification, in the State please contact:**


**Debra Ransom, RN, RHIT, Chief**
**Bureau of Facility Standards, DHW**
**fsb@dhw.idaho.gov**
**(208) 335-6626**

**Mary Sheridan, Director**
**Idaho Office of Rural Health & Primary Care**
**SheridaM@dhw.idaho.gov**
**(208) 332-7212**

# CAH Rule Changes

***01/01/08***

- Final rule published 11/27/07
- Effective 01/01/08
- Located at 42 CFR 485.610(e)
- Addresses:
  - Co-locations of NPs with other hospitals or CAHs
  - Provider-based designations for OFF-CAMPUS campus entities (excluding RHCs)

# Co-locations of NPs

- No NEW co-location arrangements involving NPs beginning 01/01/08
- Co-location arrangements existing prior to 01/01/08 grandfathered beginning on that date
- Beginning 01/01/08, any NEW NP co-location triggers termination action (90-days, with opportunity for correction)

NOTE: Only NP CAHs could be co-located (sharing space) with another hospital/CAH. Outside the NW, some NPs share space with specialty hospital (usually psychiatric or rehab).

# Provider-based Designations OFF Campus Entities
## *(Non-RHC)*

- Effective 01/01/08, any OFF campus entity (excluding RHCs) must meet CAH location requirement at 42 CFR 485.610(c):
  - Entity must be located 35+ miles, or 15 + miles in some terrain, from nearest other hospital/CAH (main campus)
- Acquiring/establishing & operating as provider-based an off-campus entity NOT meeting above requirement & NOT in development prior to 01/01/08) triggers termination action (90-days, with correction opportunity)
- Off-campus provider-based entities existing prior to 01/01/08 & not compliant (with above) are grandfathered

# Off Campus Provider-based Entity "*In Development* "

## *Pre-Jan. 1, 2008*

**Important Note**

- **If PRIOR to 01/01/08 CAH undertook significant planning and/or construction efforts for off-campus provider-based entity which does NOT meet CAH location requirement & efforts will NOT be completed by that date, based on RO review of supporting documentation submitted by CAH, after 01/01/08 the efforts may be continued & provider-based designation ultimately may be approved (see Preamble to 11/27/07 FR, pp. 66879-66880)**

- **For examples of documentation to support an entity was in development PRIOR to 01/01/08, see documentation guidelines for determining whether specialty hospital was "under development" & should be grandfathered, in online Publication 100-20 (One Time Notification transmittals) at:**

  **http://www.cms.hhs.gov/Manuals/IOM/itemdetail.asp?filterType=none&filterByDID=-99&sortByDID=1&sortOrder=ascending&itemID=CMS020095&intNumPerPage=10**

# Examples
## *" In Development "*
### *Pre-Jan. 1, 2008*

- **That planning and/or construction was in development prior to 01/01/08 could include documentation to confirm:**
  - **Architectural specifications were drafted;**
  - **Construction bids were let;**
  - **Land and building supplies were purchased;**
  - **Efforts were made to secure financing for construction;**
  - **Funds were expended for construction; and**
  - **There is compliance with State requirements for construction, such as zoning requirements, certificate of need application, & architectural review.**

**NOTE: ROs are expected to consider reasonably all of the factors involved in each such instance.**

# Definition of *"Campus"*

- **Medicare provider-based regulations define the term "campus" at 42 CFR 413.65 (a)(2):**

  http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=0cca958d615c91cfb502074a6df06a01&rgn=div8&view=text&node=42:2.0.1.2.13.5.53.3&idno=42

- **Unless otherwise noted in above regulations, "campus" is defined as follows:**

  **"(2) *Definitions.* In this subpart E, unless the context indicates otherwise—**

  **Campus means the physical area immediately adjacent to the provider's main buildings, other areas and structures that are not strictly contiguous to the main buildings but are located within 250 yards of the main buildings, and any other areas determined on an individual case basis, by the CMS regional office, to be part of the provider's campus."**

# SUMMARY
# Provider-based Designations
## *(Non-RHC)*

## ON Campus

**Any CAH may add provider-based entity on campus, provided entity:**

- **Is owned & operated by the CAH**
- **Meets applicable requirements in CAH Conditions of Participation (CoPs)**
- **If applicable, meets rehab and/or psychiatric distinct part unit (DPU) requirements**
- **Satisfies applicable provider-based requirements in 42 CFR 413.65**

## OFF Campus

**Any CAH may add a provider-based entity off campus, provided the entity:**

- **Is owned & operated by the CAH;**
- **Meets applicable requirements in CAH CoPs, INCLUDING requirement at 42 CFR 485.610(c) for relative location (see 42 CFR 485.610(e)(2)-(3))**
- **If applicable, meets rehab and/or psychiatric DPU requirements**
- **Satisfies applicable provider-based requirements in 42 CFR 413.65**

# Recommended Steps Provider-based Designations *(Non-RHC)*

## STEP 1 - *Assessing the Site*

**If proposed entity site is OFF campus, CAH works with SA and/or RO, as appropriate, to determine whether site meets CAH rural location & federal mileage requirements**

## STEP 2 - *Adding to State License*

**If above requirements are met for OFF campus entity, or if entity instead is located ON campus, CAH adds entity to State hospital license via the SA**

# .....Recommended Steps Provider-based Designations (*Non-RHC)*

## STEP 3 – *Submitting Request & CMS 855A Update*

- CAH submits to FI or MAC letter requesting provider-based designation & enclosing completed provider-based self-attestation with supporting documentation:
  - FI or MAC reviews & makes approval recommendation to RO Medicare Financial Management staff

- As appropriate, CAH concurrently submits duplicate copy of same letter (above) to FI or MAC, as cover for updated CMS 855A enrollment application (for service changes, new address, and/or any management change):
  - FI or MAC reviews & validates CMS 855A & makes approval recommendation via SA, with copy to RO SCE Branch
  - SA makes certification approval recommendation to RO SCE Branch

# .....Recommended Steps Provider-based Designations *(Non-RHC)*

**STEP 4 – *Issuing of CMS Approval***

**In RO, SCE Branch & Medicare Financial Management staff coordinate review results and, if results support approval, collaborate in issuing provider-based approval letter to CAH & concurrent provider "tie-in" notice to FI or MAC**

# Questions
# "*In Development*?"
## *(Pre-01/01/08)*

**For CMS assistance, please contact in RO SCE Branch:**


**Jeri McClain**
**jerilyn.mcclain@cms.hhs.gov**
**(206) 615-2316**

**Catherine (Kate) Mitchell**
**catherine.mitchell@cms.hhs.gov**
**(206) 615-2432**


**Address letter & documentation showing off-campus entity was in development prior to 01/01/08 to:**

**Christopher Martin, Manager**
**Survey, Certification, & Enforcement Branch**
**Western Consortium Division of Survey & Certification**
**Centers for Medicare & Medicaid Services (CMS)**
**Mailstop RX-48**
**2201 Sixth Ave.**
**Seattle, Washington 98121-2500**

**(NOTE: Use SAME address for relocation letters)**

# Observation Services Policy Change

- National S&C Letter #08-16 issued 04/04/08
- Revises policy
  - Provides CAH may maintain beds used solely for outpatient observation services without counting these beds towards statutory maximum 25 inpatient beds.
  - SAs to examine carefully provision of outpatient observation services, to assure consistency with statutory limit of 25 inpatient beds with annual average length of stay not to exceed 96 hours per patient.
  - S&C Letter #08-16 accessible at: http://www.cms.hhs.gov/SurveyCertificationGenInfo/downloads/SCLetter08-16.pdf

# Proposed RHC Rule

## Background

- In February 2000 CMS published proposed rule revising certification & payment requirements for RHCs & Federally Qualified Health Centers (FQHCs), as required by 1997 BBA
- On 12/24/03 CMS finalized above proposed rule
- Section 902 of MMA enacted 12/08/03 provides there may be no more than 3 years between publication of proposed rule & issuance of final rule
- On 09/22/06 CMS formally suspended above (final) rule issued 12/24/03

# Proposed RHC Rule

- CMS published new proposed RHC rule on 06/27/08
- Comment period closed on 08/26/08
- CMS received & is evaluating > 300 comments received on proposed rule
- All comments received will be addressed & considered for final rule
- Provisions of final rule to be effective 30 days after publication, unless otherwise noted

# Proposed RHC Rule Highlights

- Location
- Staffing
- Payment
- Health, Safety, & Quality

# Proposed RHC Rule: Location

## Non-urbanized Area

- Existing & new RHCs must be in non-urbanized area, as determined by US Census Bureau

- If existing RHC does NOT meet non-urbanized location requirement, it can receive exception if it can show at least 51 percent of its patients reside in adjacent non-urban areas

## Designated Shortage Area

- Existing & new RHCs must be in area with current , HRSA-determined shortage designation, including:
  - HPSA (Geographic of Population-based)
  - Medically Underserved Area (MUA)
  - Governor Designated/HHS Secretary Certified (HPSA or MUA)

- If existing RHC is NOT located in area with current shortage designation, it can apply for exception as "essential provider," based on defined criteria & process

# Proposed RHC Rule: Staffing

- **RHC Contracting**

  **Eliminates restrictions on RHC contracting with non-physician providers, provided at least one nurse practitioner (NP) or physician assistant (PA) is employed**

- **Mid-Level Waiver**

  **Permits 1-year waiver of requirement NP, PA, or certified nurse midwife (CNM) provides services at least 50 percent of the time RHC operates, provided RHC can show inability to hire services of NP, PA, or CNM in previous 90 days**

# Proposed RHC Rule: Payment

- Revises payment methodology for RHCs AND FQHCs
- Provides for exception to per-visit payment limit
  - RHCs provider-based with 50< bed hospitals or CAHs
  - Sole community hospitals (SCHs) or essential access community hospitals (EACHs) located in level 9 or 10 Rural Urban Commuting Area (RUCA) & having average daily patient census <40
- Clarifies “commingling” policies
- Solicits comments on payment for high-cost drugs in RHCs

# Proposed RHC Rule: Health, Safety, & Quality

- Establishment by RHCs of Quality Assessment & Performance Improvement (QAPI) program
  - Provides for systematically reviewing operating systems to identify opportunities for improvement
  - Based on industry standards
- Documentation by RHCs of infection control process
- Posting by RHCs & FQHCs of hours of operation

# Medicare Administrative Contractors (MACs)

- Contracting reform in 2003 MMA, section 911
- Replacing all Part A FIs & Part B carriers by 2011
- Improved service to beneficiaries & providers
  - Single point of contact for most claims processing
  - Improved provider education & training via MACs
- Began with 23 FIs & 17 carriers (40) in 2005
- By 2011 full implementation, 19 MACs
  - 15 AB MACs
  - 4 DME MACs

# MACs

- **Total of 19 MACs**
  - **15 AB MACs for 15 Jurisdictions (J-1 – J-15)**
  - **4 Specialty MACs for 4 DME Jurisdictions (A-D)**
  - **4 HH/Hospice Jurisdictions (A-D, but not DME)**
    - **Region A Workload to J-14 AB MAC**
    - **Region B Workload to J-15 AB MAC**
    - **Region C Workload to J-11 AB MAC**
    - **Region D Workload to J-6 AB MAC**

# MACs & Northwest States

*Region 10*

- **AB MAC**
  - AK, ID, OR, & WA comprise AB MAC Jurisdiction 2 (J-2)
    - Awarded 05/06/08 to National Heritage Ins Company (NHIC)
    - Bid protested to GAO
    - CMS corrective actions re award
    - Continued service by existing contractors
- **DME MAC**
  - AK, ID, OR, & WA part of Region D for DME
    - Award to Noridian Administrative Services (NAS) (2006)
- **HH/Hospice**
  - AK, ID, OR, & WA part of Region D for HH/Hospice (not same as DME)
    - Award pending (J-6 AB MAC)

# MAC Information

- **MAC history, fact sheets, jurisdiction maps, & updated award/implementation information at:**
  - **http://www.cms.hhs.gov/MedicareContractingReform/**

- **See especially link for *"What's New"*:**
  - **http://www.cms.hhs.gov/MedicareContractingReform/02_WhatsNew.asp#TopOfPage**

# Recovery Audit Contractor (RAC) Program

## Background

- Section 302 of Tax Relief & Health Care Act (TRHCA) of 2006 requires permanent, national RAC program by 01/01/2010

- RAC program an outgrowth of successful 3-year MMA-required demo with several states (3, then 6)
  - RAC demo resulted in > $900 million in overpayments returned to Medicare Trust Fund between 2005 & 2008, and almost $38 million in underpayments returned to providers

- 4 RACs in place by 2010, with each responsible for identifying overpayments & underpayments in roughly ¼ of US
  - 4 RAC jurisdictions match those of DME MACs (A-D)
  - AK, ID, OR, & WA included in RAC region D

# RAC Program

## Recent Contract Awards

- CMS announced awards 10/06/08 for 4 RACs
  - Diversified Collection Services, Inc., of Livermore, California, for Region A
    - Initially, Maine, NH, VT, Mass, RI, & NY
  - CGI Technologies and Solutions, Inc., of Fairfax, Virginia, for Region B
    - Initially, Michigan, Indiana, & MN
  - Connolly Consulting Associates, Inc., of Wilton, Connecticut, for Region C
    - Initially , SC, Fla, Colorado, & NM
  - HealthDataInsights, Inc., of Las Vegas, Nevada, for Region D
    - Initially in Montana, Wyoming, ND, SC, Utah, & AZ
- Adding states to each RAC region in 2009

# …RAC Program

## Expansion Schedule

- Gradual expansion to all 50 states

- Nationally, 3 groups of states with 3 phase-in dates
  - Group 1 - 10/01/08
  - Group 2 - 03/01/09
  - Group 3 - 08/01/09 or later

- NW states AK, ID, OR, & WA in Group 3

# …RAC Program

## Preparation

- CMS working closely with national/state associations to
  - strengthen relationships
  - be more proactive
  - anticipate the needs & concerns of providers.

- Before work starts, RACs to hold Town Hall type meetings in each state with providers, CMS staff, & RAC representatives , in October & November 2008

- More details re above meetings, applicable RAC program start date, & other RAC information at RAC portion of CMS website: www.cms.hhs.gov/RAC

# …RAC Program

## Improvements

- CMS using lessons learned from RAC demo to make improvements in permanent RAC program
  - Program to be more transparent by listing issue types undergoing review on each RAC website
  - Each RAC also to employ full-time medical director to assist claims review

- CMS to monitor RAC efforts, to ensure RACs provide sufficient information & outreach activities to reach all providers

# RAC Information

## More Details

- For further RAC program details, or to view evaluation report on demo, visit RAC portion of CMS website: http://www.cms.hhs.gov/RAC

## SPECIAL Open Door Forum (ODF) Calls

- Part A Providers & RACs
  - On Wed, 11/12/08 , from 2-3:30 PM Eastern
  - Dial 1-800-837-1935 , Conf ID 60225922

- Part B Providers & RACs
  - On Thurs, 11/13/08, from 2-3:30 PM Eastern
  - Dial 1-800-837-1935, Use Conf ID 60227754

- ODF audio recording posted 7 days later & available 30 days at: http://www.cms.hhs.gov/OpenDoorForums/05_ODF_SpecialODF.asp

# MIPPA of 2008 Highlights
*(07/15/08)*

- **Improves preventive services coverage effective 01/01/09 (sect. 101)**
  - **Adds coverage of "additional preventive services"**
    - **Per US Preventive Services Task Force**
    - **Via National Coverage Determination (NCD) process**
    - **May consider relation between outcomes & expenditures**
  - **Improves initial preventive physical exam (IPPE)**
    - **Waives Part B deductible**
    - **Extends eligibility from 6 to 12 months after enrollment**

# …MIPPA Highlights

- **Reduces beneficiary copayment for MH services from 50% to 20% over 5-year period of 2010-2014 (sect. 102)**

- **Prohibits or limits certain sales/marketing activities of Medicare Advantage (MA) & Prescription Drug (PD) Plans (sect. 103)**
  - **2 effective dates: 11/15/08 and 01/01/09**
  - **More information re changes at: http://www.cms.hhs.gov/HealthPlansGenInfo/**

# …MIPPA Highlights

- Increases low-income assistance for Medicare beneficiaries
  - Extends Qualifying Individual (QI) program through 12/31/09 (sect. 111)
  - Effective 01/01/2010, increases asset limit for Medicare Savings Program (MSP) to full Medicare Part D Low Income Subsidy (LIS) asset limit (sect. 112)

# …MIPPA Highlights

- **Expands & extends FLEX Grants (sect. 121)**
  - **Extends FLEX grants for 2009-2010 at $50 million a year**
  - **Increases delivery of MH services or other health care to veterans in rural areas**
  - **Provides assistance to small CAHs transitioning to SNFs & Assisted Living**

# …MIPPA Highlights

- **Demonstration Project on Community Health Integration Models in Certain Rural Areas (section 123)**
  - **Improved access to & better integration of acute care, extended care, & other health care services**
  - **3 year demo to begin 10/01/09**
  - **Up to 4 demo states**
  - **At least 65 percent of counties in state have 6 or fewer residents per square mile**
  - **Jointly administered by ORHP (HRSA) & CMS**

# …MIPPA Highlights

- **Revokes unique deeming authority of the JCAHO for hospitals (sect. 125)**
  - **JCAHO to be recognized as a national accreditation body based on terms & conditions of HHS Secretary**
  - **Allows for 24-month transition**
    - **Applies to accreditations made starting 24 months after enactment**
  - **Provides JCAHO-accredited hospitals maintain deemed status for such time as accreditation applies**

# …MIPPA Highlights

- **Medicare Physician Fee Schedule (MPFS) (sect. 131)**
  - Delays for 18 months -10.6 percent update scheduled for 07/01/08
  - Continues 0.5 percent update in effect for 1st six months of 2008
  - Increases conversion factor by 1.1 percent for 2009
  - Extends physician quality reporting initiative (PQRI) & provides incentive payments of 2.0 percent for 2009-2010

# …MIPPA Highlights

- **Incentives for E-Prescribing (sect. 132)**
  - **Incentive payments for successful**
    - **2009-2010 : 2.0 percent**
    - **2011- 2012 : 1.0 percent**
    - **2013 : 0.5 percent**
  - **Payment reductions for unsuccessful**
    - **2012: 0.5 percent**
    - **2013: 1.5 percent**
    - **2014 & beyond: 2.0 percent**
  - **Defines "successful"**
    - **PQRI e-prescribing measures**
    - **Part D data**
  - **Provides significant hardship exceptions (rural with limited internet access)**

# …MIPPA Highlights

- **Revises Medicare Medical Home Demo (sect. 133)**
  - **Allows expansions under certain circumstances**
  - **Makes $100 million available**
  - **Waives Paperwork Reduction Act**
  - **Makes several budget-neutrality adjustments**

- **Extends 1.0 floor on geographic adjustment to MPFS work component (GPCI) for 18 months, until 12/31/09 (sect. 134)**

# …MIPPA Highlights

- Extends for 18 months, until 12/31/09, separate payment for technical component of physician pathology services to hospital patients in certain hospitals (MMA provision) (sect. 136)

- Extends therapy cap exceptions process for 18 months, through 12/31/09 (sect. 141)

# …MIPPA Highlights

- Permits speech language pathologists to bill directly for outpatient speech language pathology effective 07/01/09 (sect. 143)
- Improves coverage & payment for patients with COPD & certain other conditions effective 01/01/10 (sect. 144)

# …MIPPA Highlights

- Improves access to ambulance services (sect. 146)
  - Increases payment for ground services from 07/01/08-12/31/09
    - 3 percent for rural origin
    - 2 percent for non-rural origin
  - Gives "hold harmless" period of 1.5 years (07/01/08-12/31/09) for air ambulance services originating in area changed from rural to urban on 07/01/07
  - Effective on enactment, revises standard by which rural air ambulance service presumed "reasonable & necessary" for payment at air (vs. ground) rate

# …MIPPA Highlights

- **Improves payment for CAH lab tests (sect. 148)**
  - **Overrides following requirement**
    - **Patients physically present in CAH when specimen collected in order for test to be paid on reasonable costs**
  - **Effective 07/01/09**
    - **Patients in CAH-owned SNFs & clinics (including RHCs) treated as CAH outpatients for purposes of reimbursing lab tests they receive**
    - **Payment based on reasonable costs**

# …MIPPA Highlights

- **Adds 3 originating sites for telehealth services, effective 01/01/09 (sect. 149)**
  - **SNFs**
  - **hospital or CAH-based ESRD facilities**
  - **community mental health centers (CMHCs)**

# …MIPPA Highlights

- **Durable Medical Equipment, Prosthetics, Orthotics, & Supplies (DMEPOS) Competitive Bidding (CB) (sect. 154)**
  - **Before MIPPA**
    - **In competitive bidding areas (CBAs) certain DMEPOS to be supplied only via contracted suppliers (MMA of 2003)**
    - **Per Round One, 10 metro areas CBAs on 07/01/08**
  - **Per MIPPA**
    - **Reforms & delays CB program 18 months**
    - **Reinstates retroactively pre-07/01/08 payment rates**
    - **Provides beneficiaries may use any Medicare-approved supplier for DMEPOS**
    - **Beneficiaries in 10 CBAs notified of delay via letter**

# …MIPPA Highlights

- **Revises requirements for MA Private fee-for-service (PFFS) Plans 01/01/2011 (sect. 162)**
  - **Eliminates deeming rule for non-employer PFFS Plans in area with <2 network-based plans in previous year**
  - **Eliminates deeming rule for employer PFFS Plans**
  - **Provides for variation in provider rates, as long as rates not based on utilization**

- **Requires quality improvement (QI) programs of PFFS Plans & Medicare Savings Accounts (MSAs) 01/01/2011 (sect. 163)**

# …MIPPA Highlights

- Requires prompt payment under Part D by PD & MA-PD Plans effective for plan year beginning 01/01/2010 (sect. 171)
  - Clean electronic claims in 14 days
  - Clean paper claims in 30 days
- Adds Part D coverage for Benzodiazepines & Barbiturates for certain conditions (epilepsy, cancer, or MH) effective 01/01/2013 (sect. 175)

# Medicare Advantage (MA) & Rural

- Enrollment increasing among rural beneficiaries, though still < half the rate of urban beneficiaries
  - 11% rural vs. 24% urban
- Over 1 million rural Medicare beneficiaries enrolled in MA plan in April 2008
  - 50 percent increase from November 2006
  - 222 percent increase from 2005
- More than half (57%) rural MA enrollees in private fee-for-service (PFFS) plans

# …MA & Rural

- Many different types of plans with no “set” rates plans must pay contracted providers
- Each facility negotiates separate contract with each plan
- Out-of-network payment rates for services plans required to reimburse at “original” or “Medicare-like” rates
  - Actual payment rates & methods can vary (e.g., copayments vary by plan)

# …MA & Rural

- Over 50% of rural Medicare beneficiaries enrolled in a Part D plan
  - 33% in stand-alone Prescription Drug Plan (PDP)
  - Almost 75% with some type "creditable coverage"

- Issues with Rural Pharmacies
  - Contracting challenges, payment delays, & administrative burdens
    - Payment delays addressed by MIPPA (sect. 171)

# Quality & Transparency

## Background

- Medicare historically viewed as passive payer
  - 44 million Medicare beneficiaries
  - Primarily care for chronic conditions
- Need for change
  - Spiraling health care costs
  - Demographics
    - Baby Boomers
- Medicare evolving to active purchaser
  - High quality, efficient, evidence-based care
  - Increasing prevention focus

# …Quality & Transparency

- **Presidential Executive Order 08/22/06**
  - Promotes quality & efficient health care in federally administered or sponsored health care programs
  - Commits programs to 4 cornerstones of value-driven health care
    - Use interoperable health IT
    - Measure & publish quality information
    - Measure & publish price information
    - Provide incentives for quality & efficiency

# …Quality & Transparency

## Quality Initiatives

- Nursing Home QI (NHQI) (2002)
  - Public Reporting > NH Compare
- Home Health (HH) QI (2003)
  - Public Reporting > HH Compare
- Hospital QI (2003)
  - Public Reporting > Hospital Compare
- ESRD QI (2004)
  - Public Reporting > Dialysis Facility Compare
- Physician QI (2004)
  - Doctors' office quality IT (DOQ-IT) project
  - Physician voluntary reporting program (PVRP)
  - Physician quality reporting initiative (PQRI) (2006 TRHCA)
    - Pay for reporting (P4R) 07/01/07 > Confidential

# …Quality & Transparency

## Hospital Compare

- Inpatient Hospital Reporting
  - 30 measures for FY 2009
  - 1st non-demo pay for performance (P4P) vs. reporting
    - Non-payment for certain preventable conditions & “never” events
- Outpatient Hospital Reporting
  - 7 measures (April 2008) for CY 2009 payment
  - P4R with focus on
    - ED AMI transfer measures
    - Surgical Care Infection Prevention (SCIP)
- Hospital Compare
  - CAH reporting on voluntary basis
    - Approximately 86% of CAHs submitting quality data
    - Approximately 63% of CAHs publicly reporting

# …Quality & Transparency

- **Commitment to improve quality & efficiency**
- **Roadmap**
  - **Move forward through partnerships**
  - **Use financial incentives**
  - **Report measures publicly**
  - **Encourage adoption of health IT**
  - **Promote innovation & evidence base for effective use of technology**
- **Invitation**
  - **Ultimately, likely ALL payment systems**
  - **Value in early input & current participation**

# *Special National Call*
# V-Based Purchasing Physicians/Other Professionals

## December 9th National Listening Session

- 10 AM-4:00 PM Eastern national listening session on 12/09/08 to help develop plan for transition to VB purchasing program, per MIPPA section 131(d)
- Session to solicit comments on Issues Paper to be posted by 11/28/08 on CMS website Physician Center Spotlights at http://www.cms.hhs.gov/center/physician.asp
- Issues raised in 12/09/08 listening session to assist CMS develop options for plan
- Physicians, physician associations, & others interested in new payment approaches to enhance quality & efficiency of professional services invited
- Open to public, but session participation limited to space & teleconference lines available
- Further details, including how to register, in 10/24/08 Federal Register notice at http://edocket.access.gpo.gov/2008/pdf/E8-24900.pdf

# Important Initiatives

- **Health IT**
  - Electronic health records (EHRs)
  - E-Prescribing
    - Part D implementation
    - MIPPA incentives for successful E-prescribing
  - Personal health records (PHRs)
    - MyMedicare.gov at http://www.medicare.gov
      - 1st step towards PHR
      - Only registered users
      - Secure, direct, 24-7 internet access to personal info
        - » Benefits , eligibility, & enrollment (MA & PD)
        - » Preventive health
        - » Adjudicated claims
        - » Online forms & publications
        - » Important Medicare messages

# ....Important Initiatives

- **Medicare Annual Open Enrollment Period (OEP)**
  - November 15-December 31
  - Key Message
    - *Plans change, people change: review & compare, to make sure plan meets needs!*
  - Extra help for Part D
    - Low income subsidy (LIS)
  - OEP resources & assistance
    - Plan Finder & tools at http://www.medicare.gov/
    - *"Medicare & You 2009"* beneficiary handbook
    - State Health Insurance Benefits Assistance (SHIBA)
      - » Unbiased, one-on-one counseling
      - » Idaho SHIBA at 1-800-247-4422
    - 1-800-MEDICARE

# …Important Initiatives

- **Caregivers Initiative**
  - New initiative to help family caregivers access & use valuable health care information, services, & resources
  - Includes as caregivers family members or friends who help people with Medicare
    - More than 44 million Americans (1 in 5 adults) providing care to loved one, friend, or neighbor
      - Valued in economic terms at $350 billion annually, per recent AARP report
  - One-stop Webpage for caregivers at: www.medicare.gov/caregivers
      - Easy access to useful information re Medicare & other essential resources

# Resources

## NP Relocations

- 42 CFR 485.610(d) at:
  http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=096bcd21b2744bfc1e731f1dcd9a1718&rgn=div8&view=text&node=42:4.0.1.5.24.4.203.7&idno=42

- S&C Letter #07-35, dated 09/07/07, at:
  http://www.cms.hhs.gov/SurveyCertificationGenInfo/downloads/SCLetter07-35.pdf

- Revisions to State Operations Manual (SOM) (Pub. 100-7), Chapter 2, Critical Access Hospitals (CAHs) and Appendix W, Survey Protocol, Regulations, & Interpretive Guidelines for CAHs & Swing-Beds in CAHs, via SOM Transmittal 32, dated 01/18/08 at:
  http://www.cms.hhs.gov/Transmittals/2008Trans/itemdetail.asp?filterType=none&filterByDID=-99&sortByDID=2&sortOrder=descending&itemID=CMS1207577&intNumPerPage=10

# ....Resources

## NP Co-locations

- 42 CFR 485.610(e)(1), (3) at:
  http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=096bcd21b2744bfc1e731f1dcd9a1718&rgn=div8&view=text&node=42:4.0.1.5.24.4.203.7&idno=42

## Provider-based Designations

- 42 CFR 485.610(e)(2)-(3) at:
  http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=096bcd21b2744bfc1e731f1dcd9a1718&rgn=div8&view=text&node=42:4.0.1.5.24.4.203.7&idno=42

- 42 CFR 413.65 at:
  http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=096bcd21b2744bfc1e731f1dcd9a1718&rgn=div8&view=text&node=42:2.0.1.2.13.5.53.3&idno=42

- CMS Program Memorandum A-03-030 (Change Request #2411 dd. 04/14/03) – "Provider-based Status On and After 10/01/02," at:
  http://www.cms.hhs.gov/Transmittals/CMSPM/itemdetail.asp?filterType=dual,%20keyword&filterValue=2411&filterByDID=0&sortByDID=4&sortOrder=ascending&itemID=CMS053068&intNumPerPage=10

# …Resources

- CMS Open Door Forum (ODF) Calls (sign up):
  http://www.cms.hhs.gov/OpenDoorForums/24_ODF_RuralHealth.asp
- CMS Website Rural Health Center:
  http://www.cms.hhs.gov/center/rural.asp
- *"CMS Medicare Guide to Rural Health Services Information for Providers, Suppliers, & Physicians"* (April 2008):
  http://www.cms.hhs.gov/MLNProducts/downloads/MedicareRuralHealthGuide.pdf
- ORHP Rural Assistance Center:
  http://raconline.org
- Quality Initiatives:
  http://www.cms.hhs.gov/QualityInitiativesGenInfo
- Quality of Care Center:
  http://www.cms.hhs.gov/center/quality.asp
- Medicaid & SCHIP Quality Practices:
  http://www.cms.hhs.gov/MedicaidSCHIPQualPrac/
- Medicare Demonstration Projects:
  http://www.cms.hhs.gov/DemoProjectsEvalRpts/MD/list.asp
- *"Innovators' Guide to Navigating CMS"* - NEW, link to PDF file at:
  http://www.cms.hhs.gov/CouncilonTechInnov/

# Thank You

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